



# PALM BEACH COUNTY HOUSING AUTHORITY

## Questions and Answers Related to RFP FY2017-FA-001

Q1. The RFP indicates a proposal due date of August 30, 2017 (Monday). However, Monday is August 28, 2017. Please confirm if the due date is Monday or Wednesday of next week? We are assuming Wednesday but wanted to verify.

A1. The RFP proposal due date is August 30, 2017, which is a Wednesday.

Q2. A note disclosure in the 9/30/2016 PBCHA audit report lists the following as related parties that the Authority is not financially accountable for and does not exercise control over their operations: Westgate Housing, LLC; Palm Beach Housing Development, Inc.; Palm Beach Housing at Westgate, Inc. Did the CEO or any other staff member of the Authority receive any form of compensation, fees or commissions from any of these related parties during the past 5 years?

A2. Palm Beach Housing Development, Inc. and Palm Beach Housing at Westgate, Inc. have had no activity during the years requested to be reviewed. They have only a cash and equity balance reported on the Statement of Net Position. Westgate Housing, LLC has revenue from annual cash flow and management fees of Westgate. These revenues were paid to the Housing Authority's administrative account annually as general expenses. There are no employees noted in any of these companies.

Q3. Can you briefly summarize the relationship and activity between PBCHA and Spectra; Westgate Housing, LLC; Palm Beach Housing Development, Inc.; Palm Beach Housing at Westgate, Inc.?

A3. Palm Beach Housing at Westgate, Palm Beach Housing Development, Inc. and Westgate Housing, LLC were created in 2011 for the purpose of developing a Projected-Based Voucher property known as Westgate. PBCHA only shares in the cash flow and management fees on an annual basis and does not own the Westgate property.

Q4. Can you briefly summarize the relationship between PBCHA and the development activities at New South Bay, Banyan Club and the Covenant Villas?

A4. PBCHA is a development partner for New South Bay Villas which is a tax credit property. The property is owned by a limited partnership with a limited liability company serving as the general partner (of which a PBCHA affiliate is managing member with a 51% interest and its co-developer as a member with a 49% interest). The PBCHA affiliate is also managing member of the owner.

The Housing Development Group (HTG), developed and owns the Covenant project through multiple affiliated entities. Specifically, the project owner is a limited liability company called HTG Covenant Villas, LLC. An HTG affiliate - HTG Covenant Villas Manager, LLC - serves as non-member Manager and has no ownership interest. As manager, it controls day to day operations and signs documents, just as the general partner does of a limited partnership. Two other HTG entities - HTG Affordable, LLC and Rieger Holdings, LLC – hold a combined 0.0040% interest. A for-private subsidiary – called Spectra Covenant Villas LLC - of PBCHA’s instrumentality the Spectra Group, Inc. owns a 0.0060% interest. Finally, the investor, Raymond James Housing Opportunities Fund 38 L.L.C. owned 0.99.98% of the LLC.

Banyan Club Apartments was owned by PBCHA until it was refinanced through a HUD 223(f) loan in 2015, currently PBCHA only owns the land at the Banyan Club property.

Q5. How many personnel are employed by the Housing Authority and Spectra?

A5. During the requested audit period, The SPECTRA Organization, Inc. had approximately 51 employees. The Housing Authority had only 6 employees. All employees were full time, with benefits available.

Q6. When was Palm Beach County Housing Authority last reviewed by HUD auditors? Do you have a copy of the monitoring report and management responses, if applicable?

A6. The Housing Authority was last reviewed by HUD in the beginning of 2015. This was an on-site monitoring for the Voucher Management System (VMS) reporting.

Q7. Has there already been an analysis internally performed on salaries, bonuses, etc.? If so, will we have access to review the work performed?

A7. An internal analysis is in the process of being completed for salaries and bonuses. Any work performed in-house will be available for inspection by the engaged firm.

Q8. How many years has Tenmast software program been utilized by the Housing Authority? Is this program also utilized for the subsidiaries? Which modules are being utilized with the program (G/L, A/P, PO, Payroll, F/A, Budget mgmt., etc.)?

A8. The agency has utilized the TenMast software program for the last 7 years. The program is used by all subsidiaries/affiliates of the Housing Authority. The Housing Authority uses all modules available within the TenMast software.

Q9. Are invoices, contracts, payroll, etc. data stored electronically or on paper only?

A9. Contracts and payroll records are maintained both electronically and in paper format. Invoices are only retained in paper format with supporting documentation.

Q10. In the pre-bid meeting, you indicated we would have full access and cooperation with accounting staff. Would your staff have time when requested to pull support, gather data in spreadsheets as requested, and provide analyzed data already performed in order to reduce the forensic investigation fees?

A10. PBCHA staff would be available to retrieve supporting documentation and gather necessary information as requested to reduce the fees incurred. Staff members are currently preparing supporting information and schedules for concerns noted during the past years. All information completed will be shared with the contracted firm.

Q11. In the period under review, has the Authority or Spectra received any management letter comments or other control deficiencies or findings? Will this be available for review?

A11. The Housing Authority and The SPECTRA Organization, Inc. did not formally receive any written management letter, control deficiencies or findings noted during any of the audit periods being requested for review.

Q12. I did not get a copy of the fee sheet (attachment I), will that be sent out next week? Or have you possibly already sent that out?

A12. We have updated our website to include the amended RFP and attachments from the pre-conference meeting.

Q13. Will a call-in number be available for attendees who are unable to attend the pre-bid meeting in person?

A13. I do apologize for the delay in my response; we are experiencing issues with our network. Please be advised per the solicitation "A pre-submission conference will be held at the PBCHA main office on August 23, 2017, at 10:00 a.m. Attendance is not mandatory; however, responders are encouraged to attend." Because the option was not provided in the initial solicitation to conference in; we cannot offer that to your firm. have updated our website to include the amended RFP and attachments from the pre-conference meeting.

Q13. Wondering if you can provide us with the scope of engagement and any submission details?

A13. A digital copy of this RFP document may be obtained on our website at [www.pbchaf1.org](http://www.pbchaf1.org) on the 21st of August at 8:30 am; instructions are described in the RFP.

Q14. Would the Housing Authority be open to the suggestion of a Financial Forensic Investigative Firm specializing in forensic audits/examinations?

A14. A digital copy of this RFP document may be obtained on our website at [www.pbchaf1.org](http://www.pbchaf1.org) on the 21st of August at 8:30 am; instructions are described in the RFP. All question related to this RFP will be answered during the questioning period; indicated in the RFP.

Q15. Do you have an RFP document prepared with additional information or will that be forthcoming?

A15. A digital copy of this RFP document may be obtained on our website at [www.pbchaf1.org](http://www.pbchaf1.org) on the 21st of August at 8:30 am; instructions are described in the RFP. All question related to this RFP will be answered during the questioning period; indicated in the RFP.

Q16. Page 13 – Section 8.1 references Attachment I, but I don't see an attachment I. This appears to be for the fee proposal.

A16. Please note that we have uploaded an attachment 1 to our website, which is the fee proposal sheet.

Q17. Page 5 – Section 2.5 references section 2.1.1 to 2.1.5, but I don't see those sections in the proposal.

A17. We have uploaded an amended RFP on our website, which changes the references from 2.1.1 to 2.1.5 to read 2.1 to 2.3.

Q18. Page 1 – Section 1.2 states that the forensic audit will be FY15, FY16 and optionally the first quarters of FY2017. Should the fee we quote be for just FY15 and FY16 or should be include those optional years in our fee quote?

A18. We have uploaded an amended RFP on our website to include the 1<sup>st</sup> 3 quarters of 2017, which should be included in the total fee quote.

Q19. Page 6 – Section 2.6 references a fee developer. I presume this does not relate to the forensic audit.

A19. We have uploaded an amended RFP on our website, which re-words fee developer to audit firm.

Q20. Page 2 – Section 2.1 states we “...will perform an investigative accounting review of the financial records...for FY15 and FY16 on all transactions – including...”. What types of datasets do you expect to provide to the forensic auditors? And which of these will be provided electronically for further data analysis? Financial transactions can mean a lot of things. Here are some of the datasets we see in typical forensic engagements and PHA audits:

- HAP Registers
- Accounting, General Ledger
- Accounts Receivable Activity
- Accounts Payable Activity
- Cash Disbursements
- Procurement Files
- Payroll Reports and Time Cards
- Entity Credit Cards

- Travel and Entertainment Expenses
- Bank Statements
- Deposit Details

A20. We will provide all requested documentation that we possibly can. Based on the above list all information noted during a typical forensic engagement would be available by the Housing Authority. Most of the items listed above can be shared electronically with the exception of disbursements and supporting documentation.

Q21. In regards to the scope of this engagement, Section 2.1 and Section 2.3 ask for some of the following items:

- Opinions on the financial statements
- Opinions on the compliance with laws and regulations
- A financial statement prepared in accordance with GAAP
- Printing of financial statements
- Identification of significant deficiencies and material weakness
- Review of SEMAP
- Schedule of Federal Awards
- Financial Data Schedules (REAC/FDS)

All of the above we would do in a typical housing authority audit. My presumption is that you don't want to redo those audits, but I wanted to verify since the RFP is currently asking us to propose on all of these items.

A21. This RFP does not seek to conduct an recreate the audits for the past 2 fiscal years. We want to ensure that material information was not omitted from the reports. We also want to ensure that management letters/findings were properly reported.